



Date: April 5, 2012

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
From: Marvin G. Williams, Director of Public Works
Subject: Resolution Establishing Financial Hardship Criteria for Harvard Avenue Special Assessments

Executive Summary

The City Council previously adopted resolutions ordering the making of curb, gutter and paving and water and sewer lateral improvements on Harvard Avenue from South Benjamine Street to Miami Boulevard. The improvements have been completed, and the preliminary assessment rolls have been prepared. In accordance with Section 77 of the Charter of the City of Durham, City Council adopted a resolution setting a public hearing for April 2, 2012, for the confirmation of the assessment rolls. In response to comments received, the public hearing was continued to May 7, 2012 to allow Council to consider revising the terms of payment for this particular assessment. Staff has reviewed options available under the City of Durham Charter and has prepared for City Council consideration a resolution establishing financial hardship criteria for the Harvard Avenue special assessments. If adopted, the resolution will allow those property owners on the Harvard assessment rolls who apply in writing to have an extended payback period of 15 years and an annual interest rate equal to the prime interest rate.

Recommendation

The Public Works Department recommends that City Council adopt a resolution establishing a specific financial hardship criteria for the Harvard Avenue special assessments.

Background:

Due to citizen comments, the public hearing for the Harvard Avenue assessment rolls was continued from April 2, 2012 to May 7, 2012, in order to allow further review of the proposed assessments and terms of payment. Pursuant to Council resolutions #9699 and #9753 the standard terms of payment are eight annual installments at an annual interest rate of seven and one half percent (7.5%) on an unpaid assessment balance. Council members expressed an interest in lengthening the payment period and reducing the interest rate for the Harvard Avenue assessments. Pursuant to Section 77(22.1) of the City of Durham Charter, City Council may allow payment of assessments over an extended period of time, not to exceed 20 years, and at a reduced interest rate where the property owner demonstrates special financial hardship. As a prerequisite to exercising the authority granted by that subsection of the Charter, City Council must define what constitutes a special financial hardship and may amend the definition from time to time.

Issues and Analysis:

As City Council recognizes that these assessments pose a financial hardship to some property owners, pursuant to Section 77(22.1) of the City of Durham Charter, City Council may allow payment of the assessments over an extended period of time at a reduced interest rate. City Council must define what constitutes the hardship. For example, it may be determined that any owner of property subject to this assessment who submits a Harvard Avenue Special Assessment Extended Payment form will be permitted to pay their assessment in fifteen (15) annual installments at an annual interest rate equal to the prime interest rate designated in the Wall Street Journal on the fourth Friday of the April prior to City Council adoption of the resolution confirming the assessment roll.

Alternatives:

- 1) City Council may choose to not adopt a resolution establishing a specific financial hardship criteria for Harvard Avenue special assessments, resulting in the assessments being confirmed (at a future meeting) with the standard terms of payment of eight years and 7.5% interest annually.
- 2) City Council may choose to adopt a resolution establishing a specific financial hardship criteria for Harvard Avenue special assessments, with the terms of payment being fifteen years at a reduced interest rate of prime (as designated in the Wall Street Journal on the fourth Friday of April prior to confirmation the assessment rolls).
- 3) City Council may choose to adopt a resolution establishing financial hardship criteria for Harvard Avenue special assessments, with some other terms of payment.

Financial Impacts:

The financial impacts are dependent on which alternative City Council chooses to implement for the terms of payment for the Harvard Avenue special assessments.

SBDE Summary:

This section is not applicable to this item.

MGW/ERV/lca